

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 298 - HB 359**

March 15, 2013

**SUMMARY OF BILL:** Authorizes the Underground Storage Tanks and Solid Waste Disposal Control Board (DCB) to permit the use of single walled petroleum underground storage tanks and piping if their use would not result in a violation of federal law or a loss of federal funding. Requires any manufacturer of such tanks and piping to maintain evidence of financial responsibility in a minimum amount of \$1,000,000 per occurrence, and \$2,000,000 in the aggregate for the cost of corrective actions that must be taken related to the improper manufacture, installation, or repair of this type of tank and tubing. Requires the DCB to commission a study of the efficacy of corrective action equipment installed at petroleum underground storage tank sites with funding from the Petroleum Underground Storage Tank Fund. Requires the study to be performed by an engineer not employed by the state or any of its political subdivisions. Requires the findings of the report be provided to the Agriculture and Natural Resources Committee of the House and the Energy, Agriculture and Natural Resources Committee of the Senate by February 1, 2014.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$71,500/FY13-14  
\$512,500/FY14-15  
\$462,500/FY15-16 and Subsequent Years**

**Assumptions:**


- The DCB will be required to implement a new financial responsibility program administered by the Department of Environment and Conservation (TDEC). Due to federal requirements, TDEC cannot allow tank owners to choose between secondary containment and financial responsibility or require the financial responsibility component of the bill to apply to only certain manufacturers and service providers. Therefore, all would be required to maintain the required amounts for corrective action and TDEC would be required to verify such.
- TDEC would also be required to establish a permitting and inspection program for tank installations to review plans, issue permits, and conduct inspections to determine if a potential failure of the system was the result of a manufacturing defect or installation error.
- To establish the inspection program TDEC would need one additional Environmental Protection Supervisor with an engineering degree. In addition, three new Environmental Protection Specialists (also with engineering degrees) would be required. The

supervisor would be required in FY13-14 to design the program and rules. The other three positions will be required beginning in FY14-15.

- The increase in state expenditures associated with the Environmental Protection Supervisor is estimated to be \$71,495 (\$47,028 salary; \$13,067 benefits; \$11,400 other). This is shown as a one-time cost for FY13-14 and then as a recurring cost beginning in FY14-15.
- The recurring increase in state expenditures for each of the three Environmental Specialist positions is estimated to be \$69,425 (\$45,228 salary; \$12,797 benefits; \$11,400 other). The total recurring increase in state expenditures for all three positions will be \$208,275 (\$69,425 x 3) beginning in FY14-15.
- To establish the financial responsibility oversight component, TDEC will require one Administrative Service Assistant 4 position to lead the program and three Administrative Service Assistant 3 positions to assist in implementing the program. All of these expenditures are assumed to begin in FY14-15.
- The recurring increase in state expenditures related to the Administrative Service Assistant 4 position is estimated to be \$52,111 (\$33,828 salary; \$11,083 benefits; \$7,200 other) beginning in FY14-15.
- The recurring increase in state expenditures for each of the three Administrative Assistant 3 positions is estimated to be \$43,526 (\$26,364 salary; \$9,962 benefits; \$7,200 other) beginning in FY14-15. The total recurring increase in state expenditures for all three positions, beginning in FY14-15 will be \$130,578 (\$43,526 x 3).
- An additional one-time state expenditure for a temporary engineering consultant to provide expertise for preparing the required report estimated to be \$50,000. Such expenditure is assumed to occur in FY14-15.
- The total increase in state expenditures for FY13-14 will be \$71,495.
- The total increase in state expenditures for FY14-15 will be \$512,459 (\$71,495 + \$208,275 + \$52,111 + \$130,578 + \$50,000).
- The total recurring increase in state expenditures beginning in FY15-16 will be \$462,459 (\$71,495 + \$208,275 + \$52,111 + \$130,578).

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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